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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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| In re: | § | |
| | § | Chapter 11 |
| SEARS HOLDINGS CORPORATION., <i>et</i> | § | |
| <i>al.</i> , | § | Case No. 18-23538 (RDD) |
| | § | |
| Debtors. | § | (Jointly Administered) |
| | § | |
| | § | |

**LIVING SPACES FURNITURE, LLC’S LIMITED OBJECTION AND
RESERVATION OF RIGHTS WITH RESPECT TO THE DEBTORS’ THIRD
SUPPLEMENTAL NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED
LEASES IN CONNECTION WITH GLOBAL SALE TRANSACTION
[Relates to Dkt. No. 2753]**

Living Spaces Furniture, LLC, a Delaware limited liability company (“Living Spaces”), hereby files this limited objection and reservation of rights with respect to the Debtors’ *Third Supplemental Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction*, at Bankr. Dkt. No. 2753 (the “Third Supplemental Notice”).

STATEMENT AND RESERVATION OF RIGHTS

1. The Third-Supplemental Notice identifies two subleases by and between the Debtors and Living Spaces that the Debtors may potentially assume and assign to the Buyer—subleases for premises located in Glendale, Arizona (the “Glendale Sublease”) and San Leandro, California (the “San Leandro Sublease”). However, the Third Supplemental Notice does not

identify the Recognition Agreements associated with the Glendale and San Leandro Subleases.¹

2. First, Living Spaces does not oppose the assumption and assignment of the Glendale and San Leandro Subleases, so long as any such assignment also includes an assumption and assignment of and remains subject to Living Spaces's rights under the Recognition Agreements, which are integral parts of the transactions related to the Sublease of the Glendale and San Leandro premises.

3. Second, it remains unclear whether the Debtors intend to assume and assign the relevant Master Leases and the Glendale and San Leandro Subleases.

4. Accordingly, Living Spaces hereby files this statement and reservation of rights to preserve its rights and interests under its Subleases, Recognition Agreements, applicable state law, and Bankruptcy Code sections 363(e) and 365(h), including but not limited to the right to continued possession and occupancy of the subleased premises.

5. In that connection, Living Spaces further incorporates by reference its *Reservation of Rights and Limited Objection of Living Spaces Furniture, LLC*² to the Debtors' Global Asset Sale Transaction, *Declaration of Jeff Seabrook in Support of Reservation of Rights and Limited Objection of Living Spaces Furniture, LLC*,³ and all exhibits to the same.⁴

¹ Capitalized terms not defined herein shall have the meaning set forth in *Reservation of Rights and Limited Objection of Living Spaces Furniture, LLC*, at Dkt. No. 2012.

² Dkt. No. 2012.

³ Dkt. No. 2221.

⁴ The Order (I) Approving the Asset Purchase Agreement Among Sellers and Buyer, (II) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and Leases in Connection Therewith and (IV) Granting Related Relief (the "Sale Order") expressly reserved all rights with respect to subtenants that filed an objection to the sale. Dkt. No. 2507, at ¶ 19. The Sale Order further provides that, "[n]otwithstanding anything in the Sale Order or otherwise to the contrary, any Acquired Assets or Designatable Leases that are subject to or encumbered by a lease or sublease held by a tenant or subtenant as applicable, remains subject to or encumbered by such lease or sublease on or after Closing, subject to a further hearing on a date to be determined or an agreed upon resolution by such tenant or subtenant, the Debtors, and Buyer." *Id.*

6. Living Spaces reserves its right to supplement this statement and reservation of rights based on additional facts or positions that may become known.

WHEREFORE, Living Spaces respectfully requests that the Court: (i) deny the assumption and assignment of the Glendale and San Leandro Subleases to the extent the Debtors seek to assume and assign the Subleases free and clear of Living Spaces' interests under the Recognition Agreements; and (ii) grant Living Spaces any other relief to which it is entitled at law or in equity.

Dated: New York, New York
March 13, 2019

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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**ATTORNEYS FOR LIVING SPACES
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on March 13, 2019 through the Court's CM/ECF System on all parties registered to receive service through the Court's CM/ECF system and was caused to be served in accordance with the *Order Approving Global Bidding Procedures and Granting Related Relief* entered November 19, 2018 (Docket No. 816) and the service requirements established thereby.

/s/ David A. Rosenzweig
David A. Rosenzweig